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Mexico

Planting Seeds

Annual Report

2005

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Report Highlights:

Mexico's planting seed imports in 2004 decreased 22 percent from the previous year, to a total of \$423.4 million. The U.S. share of total imports, as a leading supplier to Mexico, reached \$199.1 million, down 2.5 percent from the previous year in the dollar value. Mexican seed exports, on the other hand, totaled \$105.5 million, up 10.5 percent from the previous year, with export shipments to the U.S. market accounting for almost \$27.7 million or 26.2 percent of the total export dollar value.

Includes PSD Changes: No
Includes Trade Matrix: Yes
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Executive Summary

Mexican planting seed imports in CY 2004 totaled \$ 423.4 million, down from \$546.7 million the previous year. The U.S. share as a leading seed exporter to Mexico was 47 percent of the total dollar volume, supplying \$ 199.1 million worth of seeds to Mexico. Similar to the decrease of Mexican imports from the world, the U.S. share of imports in CY 2004 also decreased 2.5 percent from the previous year in dollar value. Mexican seed exports, on the other hand, grew 10.5 percent from the previous year to \$ 105.5 million in CY 2004, of which the U.S. share of Mexico's export market was 26.2 percent or \$ 27.7 million in dollar value.

Production

With Mexico's domestic farm sector showing continuing signs of stagnation in crop production, the focus of Mexican seed trade business continues to be placed on export marketing and international operations. In addition, climatic conditions throughout Mexico's northern farming regions tend to impact planting seed demand from farmers, especially those from areas that have traditionally been planted to vegetables and other water intensive crops. Recently some farmers have changed over to crops requiring less irrigation. For example, some acreage in the states of Chihuahua, Sonora and Coahuila are now dedicated to plantings of tree nuts, specifically pecans, which require less water and are very productive with the prevalent dry weather of these states.

Statistical information for domestic production of seeds is not available. The Mexican seed industry is made up of individual farmers, large multinational companies, national private seed companies, national public research and seed production organizations such as INIFAP, and international agricultural research centers such as CIMMYT (The International Maize and Wheat Improvement Center). Additionally, private companies can participate in any phase of the seed industry from seed production and conditioning to seed marketing and distribution.

Trade

Imports

Mexican planting seed imports totaled \$423.4 million in CY 2004, down from \$546.7 million the previous year principally due to insufficient water for irrigation causing limited demand for some seed varieties and the availability of domestically produced planting seeds that were utilized at the expense of higher priced imports. In quantity, imports dropped by 27.2 percent from 771.5 TMT in CY 2003 to 561.9 TMT in CY 2004. Except for an insignificant increase in Mexican imports of the catchall 'other' seeds category in CY 2004, imports of all other seed categories; field crop seeds, grass seeds, leguminous seeds, 'other forage' seeds, and 'other vegetable' seeds, dropped across the board.

Overall, Mexican imports from the U.S. in CY 2004 decreased 2.5 percent in dollar value and dropped almost 22 percent in quantity from the previous year due to the higher cost of imported seeds and the increase in use of domestically produced planting seeds. Except for the field crop seeds (corn, rape or colza), where Mexican imports from the U.S. grew by 41.1 percent in CY 2004, the quantity of U.S. planting seeds exports dropped in every other category. Grass seed imports decreased 12.5 percent, leguminous seed imports decreased 42.6 percent, 'other forage' seed imports decreased 13.1 percent, 'other' seed imports decreased 2.3 percent, and 'other vegetable' seed imports decreased 7.1 percent from the previous year.

Exports

Mexican seed exports in 2004 totaled \$105.5 million in value, up 10.5 percent from the previous year, with the export value in excess of the previous year in all of the key seed categories with the exception of grass seeds and 'other forage' seeds. Mexican total export quantity in 2004 was down 39.4 percent from the previous year to 92.6 TMT tons due to increased use of domestically produced seeds that are more competitively priced than imports.

Mexican export shipments to the U.S in 2004 totaled \$ 27.7 million in value, down 12 percent in value from the previous year and accounted for 26.2 percent of the Mexican total seed exports. Other vegetable seeds and leguminous seeds led Mexican exports to the United States.

Policy

Mexico's agricultural sector continues to experience extraordinary adjustment problems as the government continues to move away from import substitution and self-sufficiency policies to a market oriented, competitively structured industry. High interest rates for agricultural loans have compounded the difficulty for producers.

A recently proposed bill concerning planting seeds (LAW FOR PROTECTING AND DEVELOPING SEEDS) was submitted for approval to the Agricultural Committee in the Mexican Congress who then voted and approved the proposed law on April 28, 2005. Thereafter the proposed seed law was sent to the Mexican Senate where it currently awaits further review and/or approval. In its present form, the bill is calling for the establishment of a governmental company to control seed production in Mexico. Furthermore, the proposed law may have an impact on the use of imported and/or domestically produced planting seeds. However, there apparently is Mexican domestic opposition to the legislation for a variety of reasons, including the infringement on the Copy Rights or patents of imported seed, the possible harm it could do to Mexican imports and exports of planting seeds, the likelihood of an increase in costs to the producers and consumers, and the technical challenges of implementing and complying with the legislation.

Mexican phytosanitary regulations on seed imports do not constitute a significant impediment to the seed trade with Mexico. Mexico subscribes to the International Convention on the Protection of New Plant Varieties and newly registered seed varieties are protected under Mexico's Federal Plant Variety Law.

Marketing

Most seeds are imported and distributed by the large Mexican seed companies, a number of which are U.S. owned. The seed companies in turn sell to dealers throughout the country and these, in turn, sell to the farmers. A small percentage of these seeds, about 5 percent, are sold at retail through supermarkets and garden supply outlets. In contrast, about half of all flower seeds move through these retailers. Retailers, even the large supermarkets, buy very little direct. They prefer to buy instead from the Mexican seed companies, or if the volume is small, from local dealers.

The U.S. has long supplied the Mexican market with seeds, capturing a 47 percent market of total import requirements by value. Canada is another of the main supplier of plantings seeds to Mexico, with a 71 percent share of the import market in field crop seeds, and a 39.7 percent share of leguminous seeds trade. Brazil, Netherlands, Israel and China are lesser but regular suppliers of planting seeds to Mexico.

U.S. planting seed exporters, new to the Mexican market, are also encouraged to contact the following trade organizations for further market information.

TRADE ORGANIZATIONS
THE U.S. AGRICULTURAL TRADE OFFICE (ATO) BRUCE ZANIN, DIRECTOR JAIME BALMES NO. 8 - 2 ND . FLOOR 11510 MEXICO, D.F. PH. (525) 280-5291/5276; FAX. (525) 281-6093
MEXICAN ASSOCIATION OF SEED TRADERS (AMSAC) OLGA CECILIA TREVINO DE LA GARZA PRESIDENT AV. NUEVO LEON #209 – 601 AND 602 COL. HIPODROMO CONDESA MEXICO, D.F. PH. (525) 5516-0293; FAX. (525) 5272-1775
NATIONAL INSTITUTE OF FORESTRY, AGRICULTURE AND LIVESTOCK INVESTIGATIONS (INIFAP) SERAPIO RENDON # 83 COL. SAN RAFAEL MEXICO, D.F. CONTACT: JOSE DE JESUS MOLINA PH. (525) 5140-1616; FAX. (525) 5546-1150
NATIONAL SERVICE INSPECTION AND CERTIFICATION OF SEEDS (SNICS) AV. PRESIDENTE JUAREZ #13 COL. EL CORTIJO TLALNEPANTLA, ESTADO DE MEXICO CONTACT: ENRIQUETA MOLINA MACIAS www.sagarpa.gob.mx/Snics

Tables

MEXICAN TOTAL SEED IMPORTS				
Seed Group	Quantity (Metric Tons)		Value (US \$ 000)	
	2003	2004	2003	2004
Field Crop Seeds	611,810	436,121	199,834	179,225
Grass Seeds	33,725	29,872	37,144	34,858
Leguminous Seeds	88,948	63,114	41,653	33,812
Other Forage Seeds	35,796	31,714	46,747	45,013
Other Seeds	58	66	13,894	15,448
Other Vegetable Seeds	1,188	1,036	102,813	115,079
Total	771,525	561,923	546,655	423,435

(Source: World Trade Atlas, Mexico Edition, January 2005)

MEXICAN SEED IMPORTS FROM THE UNITED STATES				
Seed Group	Quantity (Metric Tons)		Value (\$000)	
	2003	2004	2003	2004
Field Crop Seeds	8,222	11,603	26,559	37,122
Grass Seeds	32,314	28,290	31,415	28,824
Leguminous Seeds	54,782	31,435	27,735	20,208
Other Forage Seeds	34,157	29,677	40,159	37,115
Other Seeds	43	42	10,960	12,408
Other Vegetable Seeds	978	909	67,431	63,388
Total	130,496	101,956	204,259	199,065

(Source: World Trade Atlas, Mexico Edition, January 2005)

FIELD CROP SEEDS				
Imports From:	2003		2004	
	Value (\$000)	% Share	Value (\$000)	% Share
The World	199,834	100.0	179,225	100.0
U.S.A.	26,559	13.3	37,122	20.7
Canada	169,966	85.0	127,167	71.0
Others	3,309	1.7	14,936	8.3

(Source: World Trade Atlas, Mexico Edition, January 2005)

GRASS SEEDS				
Imports From:	2003		2004	
	Value (\$000)	% Share	Value (\$000)	% Share
The World	37,144	100.0	34,858	100.0
U.S.A.	31,415	84.6	28,824	82.7
Others	5,729	15.4	6,034	17.3

(Source: World Trade Atlas, Mexico Edition, January 2005)

LEGUMINOUS SEEDS				
Imports From:	2003		2004	
	Value (\$000)	% Share	Value (\$000)	% Share
The World	41,653	100.0	33,812	100.0
U.S.A.	27,735	66.6	20,208	59.8
Canada	13,565	32.6	13,419	39.7
Others	353	0.8	185	0.5

(Source: World Trade Atlas, Mexico Edition, January 2005)

OTHER FORAGE SEEDS				
Imports From:	2003		2004	
	Value (\$000)	% Share	Value (\$000)	% Share
The World	46,747	100.0	45,013	100.0
U.S.A.	40,159	85.9	37,115	82.5
Brazil	5,663	12.1	5,901	13.1
Others	925	2.0	1,997	4.4

(Source: World Trade Atlas, Mexico Edition, January 2005)

OTHER SEEDS				
Imports From:	2003		2004	
	Value (\$000)	% Share	Value (\$000)	% Share
The World	13,894	100.0	15,448	100.0
U.S.A.	10,960	78.9	12,408	80.3
Others	2,934	21.1	3,040	19.7

(Source: World Trade Atlas, Mexico Edition, January 2005)

OTHER VEGETABLE SEEDS				
Imports From:	2003		2004	
	Value (\$000)	% Share	Value (\$000)	% Share
The World	102,813	100.0	115,079	100.0
U.S.A.	67,431	65.6	63,388	55.1
Netherlands	10,679	10.4	19,022	16.5
Israel	6,807	6.6	7,323	6.4
China	5,985	5.8	9,309	8.1
Others	11,911	11.6	16,037	13.9

(Source: World Trade Atlas, Mexico Edition, January 2005)

MEXICAN TOTAL SEED EXPORTS TO THE WORLD				
Seed Group	Quantity (Metric Tons)		Value (US \$ 000)	
	2003	2004	2003	2004
Field Crop Seeds	4,841	5,703	4,921	6,819
Grass Seeds	847	490	1,569	977
Leguminous Seeds	145,663	85,124	80,023	81,344
Other Forage Seeds	873	478	1,631	1,010
Other Seeds	282	184	2,417	3,221
Other Vegetable Seeds	271	609	4,991	12,175
Total	152,777	92,588	95,552	105,546

(Source: World Trade Atlas, Mexico Edition, January 2005)

MEXICAN TOTAL SEED EXPORTS TO THE UNITED STATES				
Seed Group	Quantity (Metric Tons)		Value (US \$ 000)	
	2003	2004	2003	2004
Field Crop Seeds	1,672	1,071	777	391
Grass Seeds	770	377	1,167	698
Leguminous Seeds	38,714	13,408	21,493	10,969
Other Forage Seeds	798	389	1,248	731
Other Seeds	207	125	1,852	2,801
Other Vegetable Seeds	254	504	4,868	12,075
Total	42,415	15,874	31,405	27,665

(Source: World Trade Atlas, Mexico Edition, January 2005)